


## **Comments of Alan Smith Caprock Cattle Feeders**

Thank you for this opportunity to talk about what I believe is a well intentioned, yet severely flawed law. I find it very disturbing we are having these hearings after a law is written and passed on the floor of congress during the late hours of night, and not before.

However, COOL is now the law, and our company is feverishly trying to figure out what we're going to do to comply with it both in our feeding operations and in our meat processing division, Excel.

First – this is a retail labeling law that mandates there must be a “verifiable audit trail” to prove that the labels on products are true and accurate. 

Associates from our company have met with AMS staff in Washington to ensure that our reading of the law was right – and it is. A verifiable audit trail means that I must be able to provide documents that back up the claims made on the cattle I market to packers. In order for me to do this, the rancher or auction from which I buy must be able to provide these documents.

Our company is deeply concerned about the Food Safety Inspection Service angle to the law. To apply a false label to a product is to ship misbranded product. This is punishable as a felony and the product involved is likely subject to recall. This interpretation of the meat act was confirmed when our company met several weeks ago with the Deputy Administrator of the FSIS and the chief of the labeling branch.

There is much speculation on the cost of COOL – and we certainly have our own idea of the cost, but frankly we believe the true cost stands to cause significant change in the cattle and hog industry as a result of this law.

To create the kind of identity preservation system this law requires will cost us \$40-50 million per packing plant – and even then, there would be the risk of an unintentional mistake.

We believe one probable outcome of the law is that packers would most likely dedicate plants as U.S. only or mixed origin and then segregate production by days so that only like-origin animals are processed on given days. This move would eliminate marketing options that producers currently enjoy.

Of particular concern is something we learned from AMS – and that is there is zero tolerance for error. In our meeting with AMS we painted a hypothetical scenario that goes like this -- say we processed a group of cattle on Monday and in reviewing records we found somebody made a mistake and a Mexico born animal got into the mix of 1000 head of U.S. born, raised and slaughtered. We learned from AMS that in that scenario all 1000 are potentially mislabeled or misbranded – meaning we possibly have created a huge list of violations. We must notify the retailer and the retailer must not market the product because it would be a willful violation on every package of meat from that 1000 head of livestock. All the product from these 1000 head that would be going into retail is now subject to a class three recall – bringing great harm to our reputation and our brand. This meat would have to be diverted into some other food service channel at a substantial discount – all by virtue of a simple human error – with no impact of food safety whatsoever.

Country of origin labeling is not about the consumer right to know as it doesn't include all distribution channels for red meat, nor does it include all proteins. Country of origin labeling is not about food safety as there is no system for trace back. Country of origin labeling is not about quality and consistency. Country of origin labeling is nothing about what the consumer really cares about when they make decisions to spend their protein dollars.

In closing – there is much to be learned as the law and its enforcement unfolds. USDA has to implement the law that was passed, and from where I sit, I see the department doing just that.